

## Message Text

PAGE 01 STATE 000743

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ORIGIN EA-09

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R 021805Z JAN 76

FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL NAHA

AMEMBASSY MOSCOW

INFO CINCPAC

COGARD

TREASURY WDC

GOVGUAM

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 000743

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: JANUARY 2 EA PRESS SUMMARY

### 1. JAPAN

CULLISON (JOC) NOTES GOJ APPROVED JFY 76 DRAFT BUDGET WEDNESDAY. PROVIDES 79.6 BILLION DOLS GENL ACCT SPENDING AND 21 PCT INCREASE FOR PUBLIC WORKS, WHICH MANY HOPE WILL PRIME STAGNANT ECONOMY. SAYS EX-IM BANK WILL GET AT LEAST 1.9 BILLION DOL INCREASE IN SPECIAL FUNDING TO PROMOTE EXPORTS.

DRAFT BUDGET, FIRST SINCE FALL OF VN, PROVIDES 4.95 BILLION DOLS MIL SPENDING, LARGEST TOTAL SINCE WWII AND UNCLASSIFIED

PAGE 02 STATE 000743

13.9 PCT HIGHER THAN CURRENT FY. BUT ADDS ONLY 635 TO 277,000 MAN AUTHORIZED STRENGTH OF SDFORCES, WITH 56 PCT OF 606 MILLION DOL INCREASE ALLOTTED HIGHER SALARIES. MEANS JAPAN WILL NOT ACHIEVE MODERNIZATION GOAL SET UNDER

FOURTH DEFENSE BUILD-UP DUE END MAR 31, 1977 (WP).

CULLISON (JOC) CITES INFORMED SPECULATION BY BANKERS THAT GOJ WILL CUT DISCOUNT RATE AGAIN WITHIN NEXT FOUR WEEKS, POSSIBLY AS MUCH AS ONE PCT.

PM MIKI SAID IN NEW YEAR MESSAGE THAT GOJ WOULD RENEW EFFORTS TO CONCLUDE PEACE PACT WITH PRC THIS YEAR; NOTED JAPAN'S THINKING ON HEGEMONY ISSUE SIMILAR TO PRC (NYT, TOKYO).

LEADING CREDIT AGENCIES SAID WEDNESDAY BANKRUPTCIES IN JAPAN REACHED ALL-TIME HIGH THROUGH DEC 22 -- 11,713 FIRMS WHOSE COMBINED CAPITAL EXCEEDS 33 BILLION DOLS WERE UNABLE PAY DEBTS OF 5.89 BILL DOLS. LARGEST SINGLE INSOLVENCY POSTED BY TEXTILE CONGLOMERATE KOHJIN LTD, IN AUG (UPI, JOC).

## 2. KOREA

SEOUL DISTRICT COURT WEDNESDAY CONVICTED TWO STRIKING NEWSMAN, ONE ACADEMIC OF PLOTTING MAOIST REVOLUTION. SENTENCED NEWSMAN LEE PU-YONG EIGHT YEARS, AND NEWSMAN SUNG YO-BO, LECTURER CHUNG CHUNG-BONG FOUR YEARS EACH. FOURTH MEMBER OF THEIR "BLUE FRIENDS SOCIETY" SURRENDERED OCT 1974, WAS NOT INDICTED (NYT, SEOUL).

## 3. INDOCHINA/THAILAND

IN GOODWILL GESTURE FOR NEW YEAR, RTG REOPENS BORDER WITH LAOS AFTER 6 WKS (WP; UPI NYT, NYDN).

CSM'S SOUTHERLAND AT VIENTIANE NOTES LAOTIANS HAVE LESS TO LAUGH ABOUT AS CONDITIONS GROW MORE AUSTERE. SAYS ABOLITION OF MONARCHY UPSETS SOME, OTHERS FRIGHTENED BY UNCERTAINTY OVER WHAT HAPPENED TO THOSE SENT TO PL HQ FOR POLITICAL INDOCTRINATION. REPORTS GOVT UNCLASSIFIED

PAGE 03 STATE 000743

BLAMES "MISUNDERSTANDING" OF COURSES ON "ENEMY PROPAGANDA.-

## 4. THAILAND/MALAYSIA

MILITANT MOSLEM SEPARATIST GROUP, ALLEGEDLY SUPPORTED BY LIBYA, EMERGES IN S THAILAND, THREATENS UNDERMINE THAI-MALAYSIAN RELS. GROUP THREATENS VIOLENT ACTS UNLESS RTG WITHDRAWS TROOPS FROM AREA. THAI GOVT REPORTEDLY RECEIVED KL ASSURANCES THAT GOM HAS NO INTENTION ANNEX 4 MALAY-SPEAKING THAI PROVS, BUT SEEMS SOME EVIDENCE UNOFFICIAL SUPPORT FOR SEPARATISTS FROM MALAYSIAN SIDE OF BORDER. THAIS CALL FOR MAJOR REVISION PACT TO ALLOW HOT PURSUIT ACROSS BORDER, BUT BOTH PMS MUST AGREE BEFORE

DETAILS COULD BE WORKED OUT; SCHEDULED VISIT TUN RAZAK TO BANGKOK TO SORT MATTER OUT CANCELED DUE ILLNESS. SITUATION COULD BECOME SERIOUS AS BOTH NATIONS REACT TO INDOCHINA

DEVELOPMENTS, PRESSURE FROM SUPPORTERS. SOME EVIDENCE MALAY COMMUNISTS, SEPARATISTS COOPERATE IN AREA (WP 1/1).

5. PHILIPPINES

MARCOS, IMELDA HOST 400 MEMBERS INTL JET SET AT NEW YR'S PARTY (UPI, NYDN; PHOTO IN CHITRIB).

6. TIMOR/INDONESIA

SUHARTO SAYS "UNTHINKABLE" THAT GOI SHOULD REMAIN INACTIVE IN FACE TIMOR UPHEAVAL, CALLS FOR RIGHT SELF-DETERMINATION FOR TIMORESE (REUTER JAKARTA (12/31).

7. CHINA

MENDIS (CSM SPECIAL) IN COLOMBO SAYS TWO RECENT TRADE AGREEMENTS CERTAIN KEEP PRC INFLUENCE HIGH IN SRI LANKA. UNDER ONE, PRC WILL CONTRIBUTE 14.4 MILLION DOLS TO FLOOD-CONTROL, RIVER DEVELOPMENT PROJECT. OTHER PROVIDES FOR PRC SEND 200,000 TONS RICE IN EXCHANGE FOR 67,000 TONS SRI LANKA RUBBER. ADDS BOTH ALSO AGREED EXCHANGE 21.4 MILLION DOLS WORTH OTHER COMMODITIES, UNDER WHICH PRC MAY BUY 2,000 TONS TEA, UNSPECIFIED AMOUNT OF JUICE, UNCLASSIFIED

PAGE 04 STATE 000743

PASSION FRUIT.

CSM'S ARMBRUSTER IN TAIPEI SAYS DEC 20 ELECTION FOR 37 SEATS IN LEGISLATIVE YUAN PRODUCED NO SURPRISES, AS 30 KMT, 6 INDEPENDENT INCUMBENTS WON EASILY. ONLY INCUMBENT DEFEATED WAS INDEPENDENT KUO YU-SHIN, WHO PREDICTED WOULD PLACE FIRST IF ELECTIONS HONEST; CHARGED 40,000 VOTES INVALIDATED IN DISTRICT CONSIDERED HIS PERSONAL STRONGHOLD. COMPARED 1972 ELECTION, GRC ALLOWED DISCUSSION OF WIDER RANGE OF ISSUES, INCLUDING CALL BY KUO FOR END TO MARTIAL LAW, ESTABLISHMENT OF OPPOSITION PARTY, FREEDOM OF SPEECH, ASSEMBLY AND GENERAL ELECTION OF PRES, PROV GOVS, MAYOR OF TAIPEI.

COMMENT AND ANALYSIS

8. INDOCHINA

RUSHER (PHINQ 12/28) NOTES RECRIMINATIONS HAVE NOT FOLLOWED VN WAR'S END. SAYS IN POLICY TERMS COLLAPSE R GENERATED IMPERATIVE THAT US MIL FORCES NEVER AGAIN BE COMMITTED TO COMBAT OUTSIDE US BORDERS, WITH EXCEPTIONS

W EUR, JAPAN, PERHAPS ISRAEL. BELIEVES SITUATION  
TO TASTE USSR SINCE CRY, "NO MORE VIETNAMS' COULD  
PARALYZE US RESISTANCE COMMUNIST ADVANCE. REVIEWS SOVIET

GAINS IN ANGOLA, COMMUNIST ACTION IN LATIN AMERICA.

IN 1975, DOMINOES CLATTERED IN ASIA AS US WITHDREW,  
REV MOVEMENTS IN VN, CAMBODIA, LAOS MOVED INTO  
VACUUM. NEW ORDER PREVAILS IN SEA, BUT MEANING OBSCURE.  
IN VN, REGIME MOVES TOWARD REUNIFICATION; FACELESS  
RULERS IN CAMBODIA TRY REMAKE SOCIETY FROM GRASS ROOTS  
AMID HARDSHIP, TERROR; CHANGE MORE LIESURELY IN LAOS  
(GLOBE 12/28).

#### 9. KOREA

KEE HYUNG LEE (SCARSDALE) LETTER EXPRESSES DISAPPOINTMENT  
THAT NYT REPRINTED EXCERPTS FROM KIM CHI-HA'S 'DECLARA-  
TION OF CONSCIENCE" FROM WIN MAGAZINE. COUNTERS KIM  
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PAGE 05 STATE 000743

ARGUMENT NO REPRESENTATIVE GOVT IN SK BY CITING FACT  
SKOREAN MAJORITY ELECTED PARK PRES THREE TIMES  
"OF THEIR OWN FREE WILL". AGREES CERTAIN CIVIL RIGHTS  
CURTAILED, BUT ARGUES THIS NECESSITATED BY CONTINUING  
AGGRESSIVE DESIGN OF NK TAKE OVER SK BY FORCE, SUBJUGATE  
SKOREANS UNDER COMMUNISM. CONCLUDES KIM MUST BE A  
COMMUNIST, IF HE FINDS NO BASIC RIGHTS WORTH DEFENDING  
IN SK.

#### 10. CHINA

NYT (1/1) CITES PUZZLEMENT OVER PRC RELEASE OF THREE SOV  
HELO CREWMEN AMID CONTINUING ANTI-SOV INVECTIVE.  
NOTES SOME OBSERVERS SUSPECT PEKING MAY BE GIVING MOSCOW  
SIGNAL REMINISCENT OF 1939, WHEN STALIN OPENED WAY FOR  
SOV-NAZI PACT. CHINESE GESTURE SHOWS MOSCOW CAN BE  
REASONABLE, TREAT EVEN SOV MIL PERSONNEL IN CIVILIZED  
MANNER, AND FOLLOWS VERY CLOSELY PRES FORD'S "UNIMPRESSIVE"  
VISIT, SENATE VOTE TO CUT OFF COVERT AID TO ANTI-  
SOV FORCES ANGOLA. SUGGESTS THAT RELEASE OF AIRMEN  
OPENS "AT LEAST" POSSIBILITY OF MOVES TO HEAL SINO-SOV  
RIFT -- AND FEW CHANGES IN WORLD ALIGNMENT COULD BE MORE  
SIGNIFICANT IN NEW YEAR.

ZORZA (WP) PERCEIVES PRC LAYING DOWN HEAVY SMOKE SCREEN  
TO OBSCURE SIGNIFICANCE OF MOVE TOWARD RECONCILIATION  
WITH SOV, AND VIEWS HELO CREW RELEASE AS CLEAR POLITICAL  
SIGNAL -- HAVING EATEN WORDS ON THIS ISSUE, PEKING SEEMS  
BE TELLING MOSCOW, IT ALSO CAPABLE OF REVERSING SELF ON  
FAR MORE BASIC ISSUES, PROVIDED MOSCOW WILLING  
PAY PRICE. BUT IN FACE OF THESE SIGNS, MOSCOW HAS BECOME

LESS CONCILIATORY, AND MAY HAVE DECIDED WAIT FOR DEMISE

OF MAO IN EXPECTATION WEAKNESS WOULD OVERTAKE PRC. STILL, ZORZA BELIEVES PEKING TELLING MOSCOW FAILURE TO MAKE DEAL NOW, WITH MAO'S BLESSING, MIGHT LEAD TO AGGRAVATION OF CONFLICT TO POINT OF WAR, IF SOME FACTIONS IN POST-MAO INTERREGNUM SEEK EXPLOIT ANTI-SOV HOSTILITY TO CAPTURE LEADERSHIP.

BUTTERFIELD (NYT) IN HK NOTES TWO POEMS BY MAO  
UNCLASSIFIED

PAGE 06 STATE 000743

ACCOMPANIED NEW YEAR EDITORIAL PUBLISHED IN THREE MAJOR DAILIES NEW YEAR DAY (JENMIN JIK PAO, HUNG CHI, CHIEHFANG CHUN PAO). VIEWS AS ATTEMPT TO INSURE HIS REVOLUTIONARY POLICIES NOT OVERTAKEN BY DRIVE FOR ECON GROWTH. POEMS COMPOSED IN 1965, WHEN MAO PREPARING BEGIN GPCR, MAY BE INTENDED EVOKE MEMORIES OF THAT TIME. ONE, "TWO BIRDS, A DIALOG", IS SARCASTIC ATTACK ON SOV "GOULASH COMMUNISM", AND APPEARANCE LESS THAN WEEK AFTER RELEASE OF SOV AIRMEN APPEARS PUT MAO'S PERSONAL STAMP ON CONTINUED CRITICISM OF MOSCOW. EDIT QUOTES RECENT MAO STATEMENT, "CLASS STRUGGLE IS THE KEY LINK AND EVERYTHING HINGES ON IT. WE SHALL GO ASTRAY IF WE FORGET THIS FUNDAMENTAL THEORY," BUT BALANCES THIS BY CAUTIONING "FIGHTING GROUPS" SHOULD NOT BE ORGANIZED. (EXCERPTED IN SUN, WSTAR).

BUTTERFIELD ALSO NOTES PHOTO OF MAO GREETING JULIE, DAVID FRONT-PAGED IN PEKING PRESS, POSSIBLY TO SHOW CHAIRMAN STILL ACTIVE DESPITE FRAIL HEALTH.

ISAACS (SUN 1/1) IN HK NOTES PRC CLOSED BOOK ON MOST SUCCESSFUL ECON YEAR IN AT LEAST DECADE, WITH LEADERS COMMITTED TO PRAGMATISM, LONG-TERM STABILITY. NATION RECORDED SATISFACTORY 7 PCT GROWTH, RECORD-BREAKING GRAIN CROP, DRAMATIC RISE IN OIL PRODUCTION, OIL EXPORTS. RECALLS TONE SET WHEN CHOU EN-LAI DECLARED AT NPC THAT CHINA COULD BE TRANSFORMED INTO "POWERFUL MODERN SOCIALIST COUNTRY IN ANOTHER 20 YEARS AND MORE BEFORE END OF CENTURY". ATTRIBUTES ECON PROGRESS TO MODERATION THAT REFLECTS POLICIES OF CHOU, AND HIS STAND-IN, ACTING PM TENG HSIAO-PING.

SEN ROBT TAFT (OHIO) WRITES NEW YEAR DAY LETTER AGREEING THAT DEC 18 NYT EDIT CONCLUSION "CORRECT", THAT SALE OF US ARMS TO PRC MAY "ACTUALLY PROMOTE STABILITY" IN DELICATE SOV-PRC-WEST BALANCE. "UNFORTUNATELY" BECAUSE US POLICY INTENTIONS NOT CLEAR, BELIEVES GROWING ELEMENT IN CHINA ARGUES US WILL NOT, OR CANNOT, PROVIDE EFFECTIVE AID TO DEFLECT SOV THREAT, AND ONLY OPTION FOR PRC IS REALIGN SELF WITH USSR. LABELS SUCH

RESULT AS FOPOLICY 'DISASTER OF GREAT MAGNITUDE' FOR  
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PAGE 07 STATE 000743

US, SAYS ITS AVOIDANCE SHOULD BE HIGHEST NATL FOPOLICY  
GOAL. TO GIVE CHINESE CONCRETE EVIDENCE CAN AND WILL  
ACT TO SUPPORT PRC AGAINST SOV, URGES US PROVIDE DEFENSIVE  
WEAPONRY, WEAPONS TECHNOLOGY CHINESE NEED TO DETER, OR  
IF NECESSARY, DEFEAT SOV CONVENTIONAL ATTACK, SUCH AS  
F-5, OR POSSIBLY F-16, A/T WEAPONS, TACTICAL AA MISSILES.  
NONE WOULD POSE THREAT TO US, BUT WOULD SERVE WELL  
CHINESE FACING UP TO 50 SOV DIVISIONS ON BORDER.

11. JAPAN

JANEWAY (WSTAR) RECOUNTS HOW POOR-RELATION TERRORISTS  
EMBARRASS NOVEAU RICHE ARAB MOGULS IN OPEC WHO CRINGE  
AND COWER EVERYTIME THEIR OWN RADICALS HIJACK THEM.  
NOTES JAPAN, NOT US, IS KEY PORT OF CALL FOR YAMANI'S  
OIL, AND JAPANESE HAVE BEEN TELLING SAUDIS THEY'VE  
HAD MORE THAN CAN AFFORD. CONCLUDES JAPAN HOLDS KEY  
TO RESTORATION OF WORLD PROSPERITY -- CAN TIGHTEN BELT  
AND WAIT FOR EXPORT MARKETS TO OPEN UP AGAIN, OR  
CAN PRECIPITATE DEPRESSION IF DECIDES TO PLUNGE  
INDUSTRIAL WEST INTO MASS UNEMPLOYMENT BY LAUNCHING  
"DUMPING OFFENSIVE". INGERSOLL

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## Message Attributes

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